CHAPTER 208

THE UGANDA DEVELOPMENT CORPORATION ACT

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CHAPTER 208

THE UGANDA DEVELOPMENT CORPORATION ACT

Commencement: 1 June, 2016

An Act to provide for the establishment of the Uganda Development Corporation; to provide for the promotion and facilitation of the industrial and economic development of Uganda and for related matters.

PART I INTERPRETATION

1. Interpretation

In this Act, unless the context otherwise requires—

"Board" means the Board established under section 6;

"Chairperson" means the Chairperson of the Board;

"Corporation" means the Uganda Development Corporation established by section 2;

"currency point" has the value assigned to it in Schedule 1 to this Act;

"Minister" means the Minister responsible for industrial development;

"undertaking" means an enterprise carrying on any commercial, industrial, mining or agricultural operations.

PART II—UGANDA DEVELOPMENT CORPORATION

2. Establishment of Uganda Development Corporation

(1) There is established the Uganda Development Corporation.

(2) The Corporation is a body corporate with perpetual succession and a common seal and may for the purposes of discharging its functions under this Act

(a) acquire, hold or dispose of movable and immovable

(b) property; sue and be sued in its corporate name; and

(c) do all acts and things that a body corporate may lawfully do.

3. Object of Corporation

(1) The object of the Corporation is to promote and facilitate the industrial and economic development of Uganda.

(2) For the purposes of attaining its object under subsection (1) the Corporation—

(a) shall establish subsidiary and associated companies;

(b) may enter into public private partnerships with any commercial, industrial or agricultural undertaking or enterprise;

(c) may, through public private partnerships, assist in the financing and management of undertakings promoting industrial or economic development;

(d) shall promote and facilitate research into industrial development.

4. Functions of Corporation

(1) The functions of the Corporation are—

(a) to implement the object of the Corporation;

(b) to facilitate Government investment in strategic sectors of the economy for the purposes of industrial and economic development;

(c) to promote, facilitate and implement public private partnerships in areas related to the object of the Corporation;

(d) to enter into joint ventures or other arrangements with any domestic or foreign entity for the purposes of fulfilling the object of the Corporation;

(e) to take over the interest of Government in the entities specified in Schedule 2 to this Act, and to manage promote and facilitate the interest of the Government in those entities;

(fi) to be one of implementing agencies of public private partnerships on behalf of Government;

(g) to advise the Minister on the industrial and economic development of Uganda;

(h) to promote, finance or guarantee the financing of any undertaking in Uganda or outside Uganda, where Government is in partnership or joint venture with another entity;

(i) to procure the registration of the Corporation in any country or territory;

(j) to acquire an interest in, provide or by underwriting or otherwise assist in the subscription of capital for any undertaking engaged in, or proposing to establish, or expand or modernise any business or enterprise where Government intends to acquire interest;

(k) to appoint any person to act on behalf of the Corporation as director of or in any other capacity in relation to any enterprise or undertaking in which the Corporation has an interest;

(l) to cooperate with research organisations in furtherance of the object of the Corporation;

(m) to ensure the commercial, financial and technical soundness and viability of entities with which Government enters into partnership ventures; and

(n) to carry out any other function that is related, connected or conducive to the functions of the Corporation.

(2) This section shall not be construed as authorising the compulsory acquisition by the Corporation of any undertaking or any interest in any undertaking.

5. Corporation to follow Government policy

(1) In the performance of its functions, the Corporation shall follow the Government policy on industrial and economic development.

(2) For the purposes of subsection (1), the Minister may, in writing, give policy directives to the Corporation regarding the attainment of its object.

6. Board of Corporation

(1) The Corporation shall be governed by a board.

(2) The Board shall consist of the following—

(a) one person with experience and knowledge in corporate governance, industrial or economic development, who shall be the Chairperson;

(b) the Permanent Secretary of the Ministry responsible for industry or his or her representative being an officer not below the rank of Commissioner;

(c) the Permanent Secretary of the Ministry responsible for finance or his or her representative being an officer not below the rank of Commissioner;

(d) four eminent persons of good repute and proven integrity to represent the private sector; and

(e) the Executive Director, who shall not have the right to vote.

(3) The members of the Board shall be appointed by the Minister with the approval of Cabinet.

(4) A person shall not be appointed a member of the Board under subsection (2)(a) and (e) if that person holds an elective political office or is a public officer or he or she holds a controlling interest in any venture likely to conflict with the business interests of the Corporation.

(5) A member of the Board shall hold office on the terms and conditions specified in his or her instrument of appointment.

(6) A member of the Board other than a member appointed under subsection (2)(b) and (c) shall hold office for three years and shall be eligible for re-appointment only once.

(7) The Minister shall ensure that not less than forty percent of the members appointed to the Board shall be women.

7. Vacating office of member of Board

(1) A person appointed by the Minister shall cease to be a member of the Board if that person—

(a) resigns;

(b) is declared insolvent;

(c) is convicted of a criminal offence in respect of which a penalty of imprisonment of six months or more is imposed without the option of a fine;

(d) is elected to Parliament or to a local government council; and

(e) is removed from office by the Minister for—

(i) continuously and persistently being unable to discharge the functions of member of the Board;

(ii) inability to perform the functions of his or her office arising from infirmity of body or mind;

(iii) failing to disclose to the Corporation any interest in a contract or proposed contract with the Corporation; or

(iv) misconduct or abuse of office.

(2) A person appointed a member of the Board may resign from office in writing to the Minister.

(3) Where a member appointed by the Minister resigns or is removed from office under this section, the Minister may in accordance with section 6 appoint another person to replace the member, and to hold office for the remainder of the term of that member.

8. Meetings of Board

(1) The Board shall ordinarily meet at least once in every two months for the purposes of discharging its functions.

(2) The Board shall also meet at the written request of not less than three members of the Board.

(3) The meetings of the Board shall be conducted in accordance with Schedule 3 to this Act.

9. Remuneration of members of Board

(1) A member of the Board, except the Executive Director, shall be paid remuneration or allowances approved by the Minister in consultation with the Ministers responsible for public service and finance.

10. Committees of Board

(1) The Board may appoint committees—

(a) to inquire into and advise the Board on any matter concerning the functions of the Corporation; and

(b) to exercise the powers or perform a function of the Board.

(2) A committee appointed under subsection (1) shall consist of a Chairperson and other members of the Board, as the Board may determine.

(3) A committee may invite any person to attend any of its meetings and may co-opt any person to the committee but that person shall not vote on any matter before the committee.

(4) Members of a committee appointed under this section may be paid allowances as the Board may, with the written approval of the Minister, determine.

(5) Subject to Schedule 3 to this Act, a committee appointed under this section may regulate its own procedure.

11. Cooperation with other agencies

(1) The Corporation shall cooperate with other Ministries, departments and agencies of Government in the implementation of this Act.

(2) For the purpose of subsection (1), all Ministries, departments and agencies of Government shall accord to the Corporation such assistance as may be necessary to ensure the proper discharge of the objects of the Corporation.

(3) Any person in authority in a Ministry, department or agency of Government, who contravenes subsection (2), commits an offence and is liable, on conviction, to a fine of forty-two currency points or to imprisonment for a term not exceeding three years, or both.

PART III—MANAGEMENT AND STAFF OF CORPORATION

12. Executive Director

(1) The Corporation shall have a full time Executive Director who shall be appointed by the Minister on the recommendation of the Board.

(2) A person shall not be appointed Executive Director unless that person has considerable knowledge and experience in management or administration.

(3) The Executive Director shall hold office for four years and shall be eligible for re-appointment for one more term only.

(4) A person shall cease to hold the office of Executive Director if that person—

(a) resigns;

(b) is declared insolvent;

(c) is convicted of a criminal offence in respect of which a penalty of imprisonment for a term of six months or more is imposed without the option of a fine; or

(d) is removed from office by the Minister on the recommendation of the Board for—

(i) continuously and persistently being unable to discharge the functions of Executive Director;

(ii) failing to disclose to the Corporation any interest in a contract or proposed contract with the Corporation; or

(iii) misconduct or abuse of office.

13. Duties of Executive Director

(1) Subject to this Act and to the general supervision of the Board, the Executive Director is the chief executive officer of the Corporation and shall—

(a) implement the policies and programmes agreed upon by the Board;

(b) manage the funds and property of the Corporation;

(c) administer, organise, supervise and generally control the staff of the Corporation;

(d) keep the Board informed of the activities of the Corporation; and

(e) keep a record of all the transactions of the Corporation.

(2) In the performance of his or her duties, the Executive Director is answerable to the Board.

14. Corporation Secretary

(1) There shall be a secretary to the Corporation who shall be appointed by the Board on terms and conditions specified in the instrument of appointment.

(2) The Secretary to the Corporation shall be the principal legal adviser of the Corporation.

(3) The Secretary to the Corporation shall be responsible for—

(a) arranging the business at meetings of the Board:

(b) taking minutes at the meetings of the Board;

(c) keeping the records of the decisions and other policy records of the Board; and

(d) performing any other functions assigned by the Executive Director.

(4) In the performance of his or her functions, the Secretary is answerable to the Executive Director.

(5) The Secretary to the Corporation shall possess relevant professional qualifications.

15. Other officers and staff of Corporation

(1) The Corporation shall have such number of staff as may be necessary for the effective performance of its functions.

(2) The staff of the Corporation shall be appointed by the Board on such terms and conditions as the Board shall determine.

(3) The Board may delegate the power to appoint certain categories of staff of the Corporation to the Executive Director.

16. Protection of members of Board and officers of Corporation

A member of the Board or an officer of the Corporation or a person acting on the directions of the Board or of an officer of the Corporation is not personally liable for any act or omission done or omitted to be done in good faith in the exercise of functions under this Act.

PART IV—FINANCIAL AND OTHER MATTERS

17. Capital of Corporation

(1) Subject to this section, the capital of the Corporation is five hundred billion shillings.

(2) Subject to this Act, the Minister may, by statutory instrument with the approval of Cabinet, increase the capital of the Corporation.

18. Funds of Corporation

(1) The funds of the Corporation shall consist of—

(a) money appropriated by Parliament for the purposes of the Corporation;

(b) grants, gifts or donations extended to the Corporation; and

(c) loans obtained with the approval of Cabinet in accordance with the Public Finance Management Act;

(d) profits or dividends and other fees or charges of the Corporation.

(2) All funds received by the Corporation under subsection (1) shall be declared to the minister responsible for finance in accordance with the Public Finance Management Act.

19. Borrowing powers

Subject to Article 159 of the Constitution, the Board may with the approval of Parliament borrow money as may be required for meeting its obligations or for the discharge of the functions of the Corporation under this Act.

20. Power to open and operate bank accounts

The Corporation may, in accordance with section 31(2) of the Public Finance Management Act, open and operate bank accounts as are necessary for the performance of the functions of the Corporation.

21. Estimates of income and expenditure

(1) The Board shall, not less than two months before the beginning of each financial year, prepare and submit to the Minister for approval, a budget containing the estimates of income and expenditure of the Corporation for the next financial year.

(2) The Corporation shall not incur any expenditure exceeding the budget without the approval of the Minister.

22. Application of Corporation funds

The funds of the Corporation may be applied for the performance of the functions of the Corporation in accordance with the annual budgetary estimates for each financial year.

23. Declaration of earnings

(1) The Corporation shall within three months after the end of each financial year declare to the Minister the earnings from the undertakings, joint ventures or public private partnerships entered into by the Corporation.

(2) The Board may, in consultation with the Minister, apply the earnings of the Corporation to the business of the Corporation.

24. Investment of funds of Corporation

(1) The Board shall declare to the Minister any money of the Corporation that is not utilised at the end of each financial year.

(2) Any funds of the Corporation not immediately required for any purpose under this Act, may with the approval of the Board be invested—

(a) on a fixed deposit account with a bank approved by the Board;
(b) in treasury bills and securities of the Government;
(c) in any other manner determined by the Board.

25. Financial year

The financial year of the Corporation shall be the period of twelve months commencing on the 1st day of July and ending on the 30th day of June of the following year.

26. Accounts

The Corporation shall keep proper books of accounts and all records relating to the transactions and affairs of the Corporation.

27. Audit

(1) The Auditor General or an auditor appointed by the Auditor General shall, in each financial year, audit the accounts of the Corporation.

(2) The Auditor General shall within six months after receipt of the accounts, submit to Parliament a report on the audited accounts of the Corporation.

28. Industrial and Economic Development Fund

(1) There is established a fund to be known as the Industrial and Economic Development Fund.

(2) The Industrial and Economic Development Fund shall be utilised to—

(a) finance the promotion and facilitation of industrial and economic development of Uganda;
(b) finance and manage industrial and agricultural undertakings or economic developments in which the Government has interest;
(c) promote and facilitate research into industrial development.

(3) Subject to this section, the Industrial and Economic Development Fund shall be managed by the Corporation.

(4) The money to form part of the Industrial and Economic Development Fund shall be derived from the following sources—

(a) money appropriated by Parliament;
(b) loans obtained by the Government;
(c) grants from any donors;
(d) any money paid into the Fund under this Act;
(e) any other source approved by the Minister in writing in consultation with the Minister responsible for finance.

(5) The Minister shall, by statutory instrument, with the approval of Cabinet, provide for the control and management of the Industrial and Economic Development Fund.

(6) The Minister shall lay the instrument made under subsection (5) before Parliament.

PART V—MISCELLANEOUS

29. Official seal of Corporation

(1) The common seal of the Corporation shall be determined by the Board and shall be kept in the custody of the Executive Director.

(2) The common seal shall, when affixed to any document be authenticated by the signatures of the Executive Director and the secretary to the Corporation.

(3) A contract or instrument which if entered into or executed by a person not being a body corporate would not be required to be under seal may be entered into or executed without a seal on behalf of the Corporation by the Executive Director or any other person authorised for the purpose by the Board.

(4) Every document purporting to be—

(a) an instrument issued by the Corporation and sealed with the common seal of the Corporation and authenticated in accordance with this section; or

(b) a contract or instrument entered into or executed under this section,

shall be received in evidence as such without further proof unless the contrary is proved.

30. Annual and other reports

(1) The Board shall, not later than six months after the end of each financial year, make and submit to the Minister a report on the activities of the Corporation during that financial year.

(2) The Corporation shall submit to the Minister, together with the report referred to in subsection (1), the audited financial statements of the Corporation, and the auditor's report on those statements.

(3) The Board shall submit to the Minister quarterly performance reports and other reports as the Minister may require.

(4) The Minister shall, not later than six months after receipt of the report submitted to him or her under subsection (1) table the report before Parliament.

31. Confidentiality

(1) An employee of the Corporation shall not disclose to any unauthorised person any information obtained by virtue of his or her employment except where the employee is authorised by law to disclose the information.

(2) A person who contravenes subsection (1) commits an offence and is liable, on conviction, to a fine not exceeding one hundred twenty currency points or to imprisonment for a term not exceeding five years, or both.

32. Conflict of interest

A person who has an interest in any matter considered by the Board and who fails to disclose his or her interest in accordance with this Act may be prosecuted and punished under the Leadership Code Act for conflict of interest.

33. Vesting of assets and liabilities

(1) All property, rights, assets, liabilities and obligations of Uganda Development Corporation Ltd listed under Schedule 2 to this Act are, upon commencement of this Act, transferred to the Corporation.

(2) The Minister shall, in accordance with section 4(1)(e), by statutory order, list other property, rights, assets, liabilities and obligations of Government to be included in Schedule 2 to this Act.

(3) For the avoidance of doubt, the assets and liabilities of the Uganda Development Corporation existing under the repealed Uganda Development Corporation Act, Cap. 326 (Revised Edition, 2000) shall not be taken to be transferred to the Corporation under this section.

34. Employees

(1) The Corporation may, on the commencement of this Act, accept into its employment any person who immediately before that date

is employed by Uganda Development Company Limited and who has been given an option by the Corporation and has opted to serve as an employee of the Corporation.

(2) A person who opts to serve as an employee of the Corporation under subsection (1) shall only be accepted as an employee of the Corporation on a competitive interview basis and shall be employed on terms and conditions of service not less favorable than the terms and conditions of service to which the person is entitled immediately before the coming into force of this Act.

(3) For the avoidance of doubt, a person who is not accepted under subsection (1) as an employee of the Corporation is entitled to terminal benefits and pension and the Government shall be responsible for the payment of all retirement benefits and severance pay payable as appropriate, to the employees referred to in subsection (1).

35. Power to amend Schedules

The Minister may, by statutory instrument, with the approval of Cabinet, amend the Schedules to this Act.

36. Regulations

(1) The Minister may, by statutory instrument, in consultation with the Board, make regulations for giving effect to the provisions of this Act.

(2) Without limiting the general effect of subsection (1), regulations under that subsection may

(a) prescribe penalties in respect of the contravention of the regulations not exceeding a fine of two hundred currency points or five years imprisonment, or both;
(b) prescribe penalties for continuing and repeated offences;
(c) provide for the forfeiture of anything used for the commission of an offence;
(d) prescribe fees for anything done under the Act; and
(e) prescribe forms for the purposes of the Act.

SCHEDULE

S *Schedule 1*

Sections 1, 35

Currency Point

A currency point is equivalent to twenty thousand shillings.

Schedule 2

Sections 4, 33, 35

Undertakings in which the Corporation takes over Interest of Government

1. Amber House Limited
2. Embassy House
3. Development House
4. Munyonyo Commonwealth Resort
5. Nile Hotel Limited
6. Phenix Logistics
7. Tri-Star Apparels Limited

Schedule 3

Sections 8(3), 10(5), 35

Meetings of Board

1. **Meetings of Board**

(1) The Board shall meet at least once every two months at such places and at such times as may be decided upon by the Board.

(2) The Chairperson shall preside at every meeting of the Board and in his or her absence, the members present shall elect from among their number, an acting Chairperson other than a member to whom section 6(2) (b) and (c) applies.

(3) The meetings of the Board shall be convened by the Secretary to the Corporation upon the direction of the Chairperson of the Board.

2. **Quorum**

(1) Quorum for a meeting of the Board is five members.

(2) Where a member declares an interest in an agenda item or in a matter before the Board, the member shall not be counted for purposes of forming quorum in relation to that item or matter in question.

3. **Decisions of Board**

(1) Except for the decisions on the matters specified in paragraph 4, all decisions at a meeting of the Board shall be by simple majority of the votes of the members present and where there is an equality of votes, the person presiding at the meeting shall have a casting vote.

(2) A decision may be made by the Board without a physical meeting of the members of the Board, by video conferencing, teleconferencing or other electronic means that ensures participation by all members of the Board.

(3) The validity of any proceedings of the Board shall not be affected by any vacancy amongst the members or any defect in the appointment of a member.

(4) The decision reached by the Board shall be binding on all members.

4. Decisions of Board on certain matters

(1) The following matters shall require the unanimous approval of the members of the Board and approval of the Minister—

(a) the increase or reduction in the capital of the Corporation;
(b) any investment decision in excess of fifty percent of the capital of the Corporation;
(c) the sale of profitable ventures, subsidiaries or affiliates of the Corporation;
(d) the partial public divestiture of the Corporation;
(e) the approval of loans by the Corporation;
(f) the private or public placement of Corporation debt or notes.

5. Disclosure of interest

(1) A member of the Board who has a direct or indirect personal interest in a matter being considered or which is about to be considered by the Board shall, as soon as possible after the relevant facts have come to his or her knowledge, disclose the nature of the interest to the Board.

(2) A disclosure of interest under subparagraph (1) shall be recorded in the minutes of the meeting of the Board and the member who makes the disclosure shall not, unless the Board otherwise determines in respect of that matter

(a) be present during any deliberation on the matter by the Board; and
(b) take part in the decisions of the Board.

(3) For the purpose of making a decision by the Board under subparagraph (2), in relation to a member who makes a disclosure under subparagraph (1), the member who makes the disclosure shall not

(a) be present during the deliberations of the Board for making the determination;
(b) influence any other member or participate in the making by the Board of the determination.

(4) Where there is no quorum for the continuation of a meeting only because of the exclusion of a member from the deliberations on a matter in which he or she disclosed a personal interest, the other members present may—(a) postpone the consideration of that matter until quorum, without that member is realised; or

(b) proceed to consider and decide the matter at a subsequent meeting.

6. Minutes of proceedings

(1) The Board shall cause the minutes of all proceedings of its meetings to be recorded and kept, and the minutes of each meeting shall be confirmed by the Board at the next meeting and signed by the Chairperson and the Secretary to the Board.

(2) The Chairperson shall submit to the Minister a copy of the minutes of each meeting of the Board as soon as the minutes are confirmed.

7. Residual power of Board to regulate its proceedings

Subject to this Schedule, the Board shall regulate its proceedings and may make rules regarding the holding of meetings, notice to be given, the keeping of minutes or any other matter relating to its meetings.

History: Act 10/2016

Cross References

Constitution
Leadership Code Act, Cap. 33
Public Finance Management Act, Cap. 171
Uganda Development Corporation Act, Cap. 326 (Revised Edition, 2000)